

**COMPUTER BUSINESS SCIENCES, INC.**

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OFFICE OF THE  
EXECUTIVE SECRETARY

August 16, 1999

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

99-00440

RE: In the Matter of the Application of Computer Business Sciences, Inc.  
("CBS") For a Certificate of Public Convenience and Necessity to Offer  
Facilities-Based Local Exchange and Intrastate, Interexchange  
Telecommunications Services

Dear Mr. Waddell:

The following documentation (1 original and 13 copies) reflects CBS' Parent Company's most recent press release regarding the 2<sup>nd</sup> Quarter 1999 Report and is attached as a supplement to the above-referenced application.

Should you have any further questions or need further information, please do not hesitate to contact me at (718) 520-6500 X149.

Respectfully submitted,



Deborah S. Arnott  
Regulatory Administrator

**FOR IMMEDIATE RELEASE**

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**FIDELITY HOLDINGS REPORTS RECORD SECOND QUARTER REVENUES**  
**-Revenues Increase to \$54,430,414 from \$26,322,087-**

**Kew Gardens, N.Y. – August 16, 1999 - Fidelity Holdings, Inc. (NASDAQ:FDHG)**  
today reported record revenues and earnings for the second quarter ended June 30, 1999.

For the quarter ended June 30, 1999, revenues increased to \$54,430,414 compared to \$26,322,087 for the quarter ended June 30, 1998. Gross profits for the quarter rose to \$8,057,093 from \$3,295,120 for the comparable 1998 quarter. Income from continuing operations was \$659,510 in the second quarter compared to \$531,153 for the same quarter in 1998. Net income was \$44,413 or \$.00 per diluted share for the quarter ended June 30, 1999 versus net income of \$530,884 or \$.04 per diluted share for the comparable quarter in the prior year. The average number of diluted shares increased to 16,378,036 from 14,239,350.

Revenues for the first six months of the year ended June 30, 1999 were \$100,273,073 compared with \$26,487,239 for the comparable 1998 period. Income from continuing operations for the first half of 1999 was \$1,503,690 (\$.09 per diluted share) compared with \$443,602 (\$.03 per diluted share) for the 1998 period. Net income for the six months ended June 30, 1999 was \$160,101 or \$.01 per diluted share versus \$462,312 or \$.03 per share for the six months ended June 30, 1998. The average number of diluted shares in the 1999 period was 16,133,143, compared with 14,017,682 shares in the comparable prior period.

All per share amounts reflect Fidelity's 3-for-2 stock dividend effected June 1, 1999.

Bruce Bendell, Chairman of Fidelity stated, "We are pleased to have been able to distribute a stock dividend in June, rewarding our shareholders' confidence. The growth of revenue and income from continuing operations are attributable to the achievements of Major Automotive. We are excited to note the success of our initiatives. In particular, our efforts focusing on the growth of used cars have been greatly rewarded. This is evidenced by our record setting used car sales, which have recently exceeded 500 cars per month. We continue to progress in our acquisition strategy. We intend to focus our efforts in that direction, and aggressively pursue these opportunities."

Doron Cohen, President of Fidelity, added, "Our impressive revenues, together with our recent private placement have eliminated the convertible debt we assumed in the first quarter of 1999. This has provided us with significant working capital and will provide

us the opportunity for additional funding. These are accomplishments of which we are extremely proud. We believe developments in our technology operations, evidenced through the launch of the advanced Talkie® Web-Enabled IP Switch and the expansion of the regional CLEC (Competitive Local Exchange Carrier) presence in various markets throughout the country help position us to achieve our goals. We are aggressively investing our available funds, including our automotive profits, in order to help Fidelity realize maximum value for our shareholders."

Fidelity Holdings has been a diversified holding company that utilizes information and technology to target industries experiencing consolidation and/or deregulation. The Company has operated two divisions - Automotive and Technology. The Automotive Division operates through Major Automotive Group, a leading consolidator of automotive dealerships in the New York Metropolitan area. The Technology Division operates under Computer Business Sciences and its IG2, Inc. subsidiary and its plastics subsidiary.

Fidelity Holdings, Inc. is presently exploring the divestiture of its non-automotive activities by way of sale, merger, consolidation or other opportunities.

The information contained in this press release, including any "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 contained herein, should be reviewed in conjunction with the Company's annual report on Form 10-KSB and other publicly available information regarding the Company, copies of which are available from the Company upon request. Such publicly available information sets forth many risks and uncertainties related to the Company's business and such statements, including risks and uncertainties related to that are unpredictable and outside of the influence and/or control of the Company.

- Table Follows -

FIDELITY HOLDINGS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Unaudited

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
Revenues:	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Sales	\$ 100,273,073	\$ 26,487,239	\$ 54,430,414	\$ 26,322,087
Cost of sales	<u>85,166,266</u>	<u>23,026,967</u>	<u>46,373,321</u>	<u>23,026,967</u>
Gross profit	15,106,807	3,460,272	8,057,093	3,295,120
Operating expenses	12,363,229	2,490,518	6,791,978	2,243,038
Interest expense	<u>877,888</u>	<u>336,152</u>	<u>433,605</u>	<u>309,929</u>
Operating income before income tax expense	1,865,690	633,602	831,510	742,153
Income tax expense	<u>362,000</u>	<u>190,000</u>	<u>172,000</u>	<u>211,000</u>
Income from continuing operations	1,503,690	443,602	659,510	531,153
Income (loss) from discontinued operations	<u>(1,343,589)</u>	<u>18,710</u>	<u>(615,097)</u>	<u>(269)</u>
Net Income	\$ <u>160,101</u>	\$ <u>462,312</u>	\$ <u>44,413</u>	\$ <u>530,884</u>
Per common share:				
Net income from continuing operations:				
Basic	\$ 0.12	\$ 0.04	\$ 0.05	\$ 0.05
Diluted	0.09	0.03	0.04	0.04
Net income (loss) from discontinued operations				
Basic	\$ (0.11)	\$ -	\$ (0.05)	\$ -
Diluted	(0.06)	-	(0.04)	-
Net income:				
Basic	\$ 0.01	\$ 0.04	\$ -	\$ 0.05
Diluted	0.01	0.03	-	0.04
Average number of shares used in computation:				
Basic	12,934,266	10,567,682	13,124,465	10,789,350
Diluted	16,133,143	14,017,682	16,378,036	14,239,350